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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

25X1A

COUNTRY Ecuador

SUBJECT Significant Mining Developments

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1. "Petroleum statistics: In 1953 the needs of the country were barely taken care of by the Anglo-Ecuadorian Oilfields Ltd and by the Manabí Exploration Co. These companies are working on the Peninsula of Santa Elena, Ecuador. It was necessary to import some fuel oil and aviation gasoline due to lack of refining equipment. The price of gasoline (government-controlled) was upped US\$1.24 per gallon to US 27¢ per gallon in order to provide funds for highway development.
2. "In the vein mining field and after more than 50 years of colonization expiring, the South American Development Co closed down at the end of 1953 due to lack of production. Production from 1934 to 1946 ran about US\$1,600,000 per year in gold, silver and lead. To solve the social problem of caring for more than two thousand workers, the Ecuadorian Government assisted in organizing a small national company in 1952. Promoters to receive 35% of the profits, the Municipality of Zaruma 30%, and the workers 30%. Due to the efficient management of Mr Geo A. Davidson, the company made about US\$240 thousand in 1952. During the year 1953, the company has barely covered expenses and expects to close down by July 1954.
3. "In the gold placer field, a small national company, the Sociedad Aurífera Nacional, is working a gold placer deposit in the Province of Cotopaxi at the foot of the Western Mountain Range of the Andes Mountains. The deposit is being worked as a drift mine. Production is at the rate of some 50 cubic yards per day, working the first five feet above bedrock. Tenor of the ore runs US\$4 to US\$6 per cubic yard.
4. "The only other mining operation is that of a sulphur deposit of volcanic origin near Tixán on the Guayaquil and Quito Railroad. Production was started in 1952 by the Ecuadorian Mining Corporation. In April 1953, the mine was closed down for six months for reorganization purposes and due to the low price of sulphur. Operations were again started in October 1953, and the company expects to operate at least throughout 1954. The refined sulphur obtained runs more than 99% pure.

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-2-

5. "As a government monopoly, the Ecuadorian Government is operating a salt deposit on the Peninsula of Santa Elena, deriving the salt from recent argillaceous sand deposits. The crude salt obtained is sold throughout the country for US²₂¢ per pound and refined salt at US⁷¢."

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